

1 **N.B.: This document is based on the text of the regulation that is**
2 **currently in effect and printed in the California Code of Regulations**
3 **(“CCR”) as of May 24, 2004. Pursuant to the Administrative**
4 **Procedure Act, changes to the CCR text are shown in**
5 **strikeout/underline style. When a current section is moved to**
6 **another location, it is shown in strikeout in its old location (for**
7 **example, section 12206) and in underline in its new location (for**
8 **example, section 12200.3). Several moved sections have, in**
9 **addition, been amended.**

10 **In several cases, alternative provisions are proposed on specific**
11 **points. Interested parties are encouraged to state which of the**
12 **alternatives is preferred and why.**

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14 **Title 4, California Code of Regulations, Division 18**

15 **Chapter 2.1. Third-Party Providers of Proposition Player**
16 **Services: Interim Registration; Licensing**

17 **Article 1. Definitions and General Provisions**

18 **Article 2. Interim Registration**

19 **Article 3. Licensing**

1 **Chapter 2.2 Gambling Businesses: Registration**

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3 **Chapter 2.1. Third-Party Providers of Proposition Player**
4 **Services: Interim Registration; Licensing**

5 **Article 1. Definitions and General Provisions**

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7 Section 12200 Definitions

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9 Section 12200.1 Certificate

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11 Section 12200.3. Badge

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13 Section 12200.5 Replacement Badge

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15 Section 12200.7 Proposition Player Contract Criteria

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23	Section 12206	Badge [To be repealed]
24	Section 12207	Proposition Player Contract Criteria

- 1 [To be repealed]
- 2 Section 12208 Review and Approval of Proposition Player
- 3 Contracts [To be repealed]
- 4 Section 12209 Playing Books [To be repealed]
- 5 Section 12210 Transfers and Sales [To be repealed]
- 6 Section 12211 Inspections [To be repealed]
- 7 Section 12212 Compliance
- 8 Section 12213 Revocation
- 9 Section 12214 Emergency Orders

10 **Article 3. Licensing**

- 11 Section 12218. Application for Initial Licensing
- 12 Section 12218.15 Compliance
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- 14 Section 12218.19 Term of License

15 **Article 1. Definitions and General Provisions**

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17
Section 12200. Definitions

1 (a) Except as otherwise provided in subsection (b), the definitions in Business
2 and Professions Code section 19805 shall govern the construction of this
3 chapter.

4 (b) As used in this chapter:

5 (1) “Applicant” means the applicant for registration or licensing under
6 this chapter, including in the case of an owner that is a corporation,
7 partnership, or any other business entity, all persons whose
8 registrations or licenses are required to be endorsed upon the primary
9 owner’s registration or license certificate.

10 (2) “Authorized player” means an individual associated with a particular
11 primary owner whose badge authorizes play in a controlled game on
12 behalf of the primary owner, including the primary owner, all other
13 owners, all supervisors, and all players. “Authorized player” does not
14 include funding sources or owners who have been issued a non-
15 playing badge. Only authorized players may perform the functions of
16 a supervisor or player.

17 ~~(2)~~(3) “Badge” means a form of identification issued by the Commission
18 identifying a registrant or licensee. A badge authorizing play in a
19 controlled game shall be of a distinctly different color than a badge,
20 which identifies a registrant or licensee, but does not authorize play.

21 ~~(3)~~(4) “Bureau” means the Bureau of Criminal Identification and
22 Information of the California Department of Justice.

1 ~~(4)~~ (5) “Commission” means the California Gambling Control
2 Commission.

3 ~~(5)~~ (6) “Deadly weapon” means any weapon, the possession or concealed
4 carrying of which is prohibited by Penal Code section 12020.

5 ~~(6)~~ (7) “Division” means the Division of Gambling Control in the California
6 Department of Justice. Documents required by this chapter to be sent
7 (or information required to be furnished) to the Division shall be sent
8 to the Sacramento office of the Division.

9 ~~(7)~~ (8) “Executive Director” means the Executive Director of the
10 Commission or such other person as may be designated by the
11 Commission.

12
13 ~~(8)~~ (9) “Funding source” means any person that provides financing,
14 including but not limited to loans, advances, any other form of credit,
15 chips, or any other representation or thing of value, to an owner-
16 registrant or owner-licensee, other than individual registrants under
17 Subsection (d) of Section 12201 or licensees. “Funding source” does
18 not include any federally or state chartered lending institution or any
19 of the following entities that in the aggregate owns at least one
20 hundred million dollars (\$100,000,000) of securities of issuers that are
21 not affiliated with the entity:

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23 (A) Any federally-regulated or state-regulated bank or savings
24 association or other federally- or state-regulated lending
25 institution.

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(B) Any company that is organized as an insurance company, the primary and predominant business activity of which is the writing of insurance or the reinsuring of risks underwritten by insurance companies, and that is subject to supervision by the Insurance Commissioner of California, or a similar official or agency of another state.

(C) Any investment company registered under the federal Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et seq.).

(D) Any retirement plan established and maintained by the United States, an agency or instrumentality thereof, or by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees.

(E) Any employee benefit plan within the meaning of Title I of the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. sec. 1001 et seq.).

(F) Any securities dealer registered pursuant to the federal Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

1 (G) Any entity, all of the equity owners of which individually meet
2 the criteria of this paragraph ~~(8)~~ (9).

3
4 ~~(9)~~ (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing
5 with Section 19800) of Division 8 of the Business and Professions
6 Code.

7
8 (11) (A) “License” means a license issued by the Commission
9 pursuant to article 3 of this chapter. There are four license
10 categories entitling the holder to provide third-party proposition
11 player services:

- 12 (i) primary owner, if issued a playing badge,
- 13 (ii) owner, if issued a playing badge,
- 14 (iii) supervisor, and
- 15 (iv) player.

16 (B) All other employees of the primary owner who are
17 present in the gambling establishment during the
18 provision of proposition player services under the
19 primary owner’s proposition player contract shall be
20 licensed as “other employee” and shall be required to
21 submit an application and be approved or denied based
22 upon the same criteria that apply to a player.

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24 (12) “Licensee” means a person having a valid license.

25
26 (13) “Other employee” does not include officers of a primary owner

1 that is a corporation.

2 ~~(10)~~ (14) “Owner” includes all of the following:

3 (A) A sole proprietor, corporation, partnership, or other
4 business entity that provides or proposes to provide third
5 party proposition player services as an independent
6 contractor in a gambling establishment,

7 (B) Any individual specified in Business and Professions
8 Code section 19852, subdivisions (a) through (h), and

9 (C) Any funding source.

10 ~~(11)~~ (15) “Playing Book” means a record documenting each session of
11 play by a third-party proposition player.

12 ~~(12)~~ (16) “Primary Owner” means the owner specified in subparagraph
13 (A) of paragraph ~~(10)~~ (14) of this subsection.

14 ~~(13)~~ (17) “Proposition player” or “player” means an individual other than
15 an owner or a supervisor who provides third-party proposition player
16 services in a controlled game.

17 ~~(14)~~ (18) “Proposition player contract” or “contract” means a written
18 contract, the terms of which have been reviewed and approved by the
19 Division, between the holder of a state gambling license and a primary
20 owner for the provision of third-party proposition player services in
21 the gambling establishment.

1 (19) “Rebate” means a partial return by an authorized proposition player of
2 chips or money to a patron who has lost the chips or money to the
3 authorized player through play in a controlled game at a gambling
4 establishment.

5 ~~(15)~~ (20) “Registrant” means a person having a valid registration.

6 ~~(16)~~ (21) “Registration” means a registration issued by the Commission
7 pursuant to this chapter. There are four registration categories
8 entitling the holder to provide third-party proposition player services:
9 primary owner, owner, supervisor, and player. All other employees of
10 the primary owner who are present in the gambling establishment
11 during the provision of proposition player services under the primary
12 owner’s proposition player contract shall be registered as “other
13 employee.” ~~The holder of an owner’s registration~~ A primary owner
14 issued a playing badge and an owner issued a playing badge may also
15 perform the functions of a supervisor or player, and the holder of a
16 supervisor’s registration may also perform the functions of a player.
17 No registrant, other than an owner issued a playing badge, supervisor,
18 or player, may possess, direct, or otherwise control currency, chips, or
19 other wagering instruments used for play in the performance of a
20 proposition player contract. An individual registered or licensed as an
21 “other employee” may not function as a player unless and until that
22 individual applies for and obtains registration or licensing as player.

23 ~~(17)~~ (22) “Session of play” as used in Section 12200.13 (“Playing
24 Books”) means a continuous workshift of third-party proposition
25 player services provided by an individual proposition player.

1 ~~(18)~~ (23) “Supervisor” means an individual who, in addition to any
2 supervisory responsibilities, has authority, on behalf of the primary
3 owner, to direct or provide currency, chips, or other wagering
4 instruments to players engaged in the provision of third-party
5 proposition player services in a gambling establishment.

6 (24) “Supplemental application package” means a license application form
7 as prescribed by the Commission and all of the documentation and
8 deposits required to be submitted to the Division in response to a
9 summons issued pursuant to Section 12200.25.

10 ~~(19)~~ (25) “Third-party proposition player services” or “proposition player
11 services” means services provided in and to the house under any
12 written, oral, or implied agreement with the house, which services
13 include play as a participant in any controlled game that has a rotating
14 player-dealer position as permitted by Penal Code section 330.11.
15 “Proposition player services” also includes the services of any
16 supervisors, as specified in paragraph ~~(18)~~ (22) of this subsection.

17 (26) “TPP” means “third party proposition.” This abbreviation is used in
18 Section 12200.3 and in prescribing titles used on registrant and
19 licensee badges, for example, “TPP Player Registrant.”

20 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

21 **Reference:** Sections 19805 and 19984, Business and Professions Code

22

23 **Section 12200.1. Certificate**

Proposed *Permanent* Proposition Player Regulation

1 (a) The Commission shall issue a registration or license certificate, as
2 applicable, to each primary owner.

3 (b) The Commission shall endorse upon each certificate the names of all other
4 owners affiliated with the primary owner.

5 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

6 **Reference:** Section 19984, Business and Professions Code

7

8 **Section 12200.3. Badge—Initial, Transfer, or Additional**

9 (a) All individuals licensed or registered as primary owners, owners,
10 supervisors, players, or other employees of the primary owner shall wear in
11 a prominently visible location a numbered badge issued by the Commission
12 when present in a gambling establishment during the provision of
13 proposition player services under the proposition player contract that covers
14 the licensee or registrant. If an individual ceases to be employed by or
15 affiliated with a particular primary owner, that individual shall surrender his
16 or her badge to the primary owner. The primary owner shall notify the
17 Commission and the Division in writing within 10 days of the change in
18 status using the prescribed CGCC Form. Any primary owner receiving a
19 badge from an individual formerly employed by or affiliated with the
20 primary owner shall return the badge to the Commission within 10 days of
21 receiving the badge from the holder.

22 (b) The words “TPP PLAYER REGISTRANT,” “NON-PLAYER TPP
23 REGISTRANT,” “TPP PLAYER LICENSEE,” OR NON-PLAYER TPP

1 PLAYER LICENSEE” in capital letters shall be prominently displayed on
2 the front of the badge. The first name of the registrant or licensee shall
3 appear on the front of the badge. The full name of the registrant or licensee
4 shall be printed on the reverse side of the badge, together with the
5 registrant’s or licensee’s category of registration or licensing as an owner,
6 supervisor, player, or other employee.

7 (c) On the badge, there shall be displayed the picture of the registrant or
8 licensee submitted with the application, the badge number, and expiration
9 date. On the badge there shall be displayed the name of the primary owner
10 employing the registrant or licensee, which shall be the fictitious business
11 name if properly established pursuant to Chapter 5 (commencing with
12 Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

13 (d) Authorized players shall be issued a badge of one color; individuals not
14 authorized to play shall be issued a badge of a distinctly different color.

15 (e) An individual registered as a player with a particular primary owner shall
16 apply for and obtain a new badge pursuant to section 12200.5 before
17 beginning to work for an additional or a different primary owner.

18 (f) Registration, licenses, and badges are specific to the primary owner. TPPP
19 services cannot be provided without first applying for and obtaining a
20 registration, license, or badge.

21 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

22 **Reference:** Section 19984, Business and Professions Code

23

1 **Section 12200.5 Replacement or Transfer of Badge; Additional**
2 **Badge**

3
4 (a) Upon application, the Executive Director or other person designated by the
5 Commission shall issue a new, replacement or additional badge if all of the
6 following conditions are met:

7 (1) The applicant has a currently valid registration or license.

8 (2) The application has been submitted on a completed
9 application form.

10 (3) The applicant has supplied all of the following to the
11 Commission:

12
13 (A) A two by two inch color passport-style photograph taken
14 no more than 30 days before submission to the
15 Commission of the badge replacement request.

16
17 **TWO ALTERNATIVES ARE UNDER CONSIDERATION FOR THE**
18 **LEVEL OF THE FEE.**

19 ALTERNATIVE ONE IS A FLAT \$25.00 FEE FOR ALL APPLICATIONS FOR
20 REPLACEMENT, TRANSFER, OR ADDITIONAL BADGES, AS IS SHOWN
21 IN THE FIRST (B), BELOW.

22 ALTERNATIVE TWO IS A \$25.00 FEE FOR REPLACEMENT AND
23 TRANSFER BADGES AND A \$500.00 APPLICATION FEE FOR
24 ADDITIONAL BADGES, AS IS SHOWN IN THE SECOND (B), BELOW.

25
26 ALTERNATIVE ONE:

1 (B) A nonrefundable \$25.00 fee payable to the Commission.

2
3 ALTERNATIVE TWO:

4 (B) A nonrefundable \$500 fee payable to the Commission for
5 additional badges or a nonrefundable \$25.00 fee payable to the
6 Commission for replacement and transfer badges, as applicable.

7
8 (C) Information concerning the primary owner for which the new,
9 replacement, or additional badge is requested: the name of the
10 primary owner, mailing address, voice telephone number,
11 facsimile number (if any), email address (if any), the category
12 of the position.

13
14 (b) A new, replacement, or transfer badge issued pursuant to this section shall
15 be valid during the unexpired term of the previously issued registration or
16 license.

17 (c) Upon issuance of the replacement or transfer badge, the previously
18 issued badge for that third-party proposition services provider shall become
19 void and shall not be used. If the new badge is to permit employment by an
20 additional primary owner, the badge first issued shall be retained by the
21 player and shall remain valid.

22 (d) New, replacement, or transfer badges shall be issued by the Commission
23 within seven days of receipt of a complete application.

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25 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

26 **Reference:** Section 19984, Business and Professions Code

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Section 12200.7 Proposition Player Contract Criteria

(a) All proposition player contracts shall be subject to, and superseded by, any changes in the requirements of regulations adopted under Business and Professions Code section 19984 that conflict with or supplement provisions of the proposition player contract.

(b) Each proposition player contract shall specifically require all of the following to be separately set forth at the beginning of the contract in the following order:

(1) The names of the parties to the contract.

(2) The effective dates of the contract.

(3) The specific name of the Division-approved gaming activities for which proposition player services will be provided.

(4) The maximum and minimum number of gaming tables available to the proposition player provider service.

(5) That no more than one owner, supervisor, or player from each provider of proposition player service shall simultaneously play at a table.

(6) The hours of operation that proposition player services will be provided.

- 1 (7) A detailed description of the location, applicable security measures,
2 and purpose of any currency, chips, or other wagering instruments that
3 will be stored, maintained, or kept within the gambling establishment
4 by or on behalf of the primary owner.
- 5 (8) That proposition player services shall be provided in the gambling
6 establishment only in compliance with laws and regulations pertaining
7 to controlled gambling.
- 8 (9) That proposition player services may be provided only by authorized
9 players with current registration or licensing under this chapter.
- 10 (10) That the primary owner shall provide the gambling establishment with
11 a copy of its registration or license certificate, and that the gambling
12 establishment shall maintain the certificate on file, together with a
13 copy of the proposition player contract applying to that establishment.
- 14 (11) That a registrant or licensee may not provide proposition player
15 services in a gambling establishment for which the registrant holds a
16 state gambling license, key employee license, or work permit.
- 17 (12) That collection fees charged by the house for participation in any
18 controlled game shall be the same as those charged to other
19 participants during the play of the game.
- 20 (13) The form to be used for the playing book record and the initial
21 number that will be used for the sequentially numbered forms.
- 22 (14) Any agreement between the primary owner and the house for owners
23 or supervisors to inspect or receive a copy of surveillance recordings

1 of tables at which proposition player services are provided under the
2 contract during the times the services are provided, as necessary for
3 business purposes.

4 (15) A full disclosure of any financial arrangements entered into during the
5 term of the contract for any purpose between the house and any
6 registrant or licensee covered by the proposition player contract. If
7 there is no financial consideration that passes under the contract, a
8 statement to that effect shall be included.

9 (16) That any legal dispute between the primary owner and the house,
10 including any exclusion of a registered owner, player, or supervisor
11 covered by the contract from the house shall be reported within 10
12 days by the primary owner and the house to both the Commission and
13 the Division.

14 (17) That the primary owner and the house shall report within 10 days to
15 both the Commission and the Division the identity of any registrant
16 whose activities are covered by the proposition player contract and
17 who is arrested in the gambling establishment by a peace officer, who
18 is removed from the gambling establishment by a peace officer or the
19 house, or who is involved in a patron dispute regarding his or her
20 activities in the gambling establishment that is the subject of a report
21 to a peace officer and that results in removal of one or more
22 individuals.

1 (18) That any cheating reported to the house by a registrant or licensee
2 shall be reported within 5 days by the primary owner and the house to
3 the Commission and Division.

4 (19) That the criteria for granting any rebates by proposition players to
5 patrons be spelled out in the contract; and that neither the house nor
6 any employee of the house shall have any role in rebates.

7 (20) That any tipping arrangements shall be specified in the contract; that
8 percentage tips shall not be given; and that tips shall not be given to
9 employees of the house having either decision-making authority over
10 the outcome of the game or supervisory responsibilities.

11 (21) That the primary owner may reimburse the house in specified amounts
12 for equipment such as surveillance cameras and monitors, or cards,
13 shuffling machines, and dice. Neither the primary owner nor its
14 employees shall purchase, lease, or control such equipment.

15 (c)(1) Except as expressly authorized by this subsection (c), a proposition player
16 contract shall not include any provision authorizing payment to or receipt by
17 the house, or a designee thereof, of any share of the profits or revenues of a
18 registrant or a licensee. Any payments made by a registrant or licensee to
19 the house for a purpose determined by agreement with the house shall be
20 specifically authorized by the proposition player contract. All payments
21 shall be specified in the contract. The contract shall identify each specific
22 service or facility provided under the contract and shall specify the total
23 charge for each category, such as advertising.

1 (2) In no event may a proposition player contract provide for any
2 payment based on a percentage or fraction of the registrant's gross
3 profits or wagers made or the number of players. All payments shall
4 be fixed and shall only be made for services and facilities requested
5 by, and provided to, the registrant or licensee, and for a reasonable
6 share of the cost of advertising with respect to gaming at the gambling
7 establishment in which the registered owner participates.

8 (3) No contract provision shall authorize any payments for services or
9 facilities that are substantially disproportionate to the value of the
10 services or facilities provided. No contract shall include any charge,
11 direct or indirect, for the value of an exclusive right to conduct
12 proposition play within all or a portion of the gambling establishment.
13 No payment other than the collection fee for play, shall be required
14 for play at any table, including, without limitation, reservation of a
15 seat.

16 (d) The proposition player contract shall not contain any provision that limits
17 contact with officials or employees of the Commission or Division. The
18 proposition player contract shall prohibit an owner or the house from
19 retaliating against any registrant or licensee on account of contact with an
20 official or employee of the Commission or Division or any other public
21 official or agency.

22 (e) A proposition player contract shall be consistent with the provisions of
23 Business and Professions Code section 19984, subdivision (a), prohibiting a
24 gambling establishment or the house from having any interest, whether
25 direct or indirect, in funds wagered, lost, or won. No proposition player

1 (B) The contract does not provide for controlled gambling that will
2 be conducted in a manner that is inimical to the public health,
3 safety, or welfare.

4 (C) The contract will not create or enhance the dangers of
5 unsuitable, unfair, or illegal practices, methods, or activities in
6 the conduct of controlled gambling or in the carrying on of the
7 business and related financial arrangements.

8 (D) The contract will not undermine public trust that the controlled
9 gambling operations covered by the contract will be conducted
10 honestly, by reason of the existence or perception of any
11 collusive arrangement between any party to the contract and the
12 holder of a state gambling license, or otherwise.

13 (2) Prior to December 7, 2003, each primary owner providing proposition
14 player services at a gambling establishment on the date that these
15 regulations originally became effective (November 6, 2003) shall
16 submit an Application for Contract Approval Provider of Proposition
17 Player Services (DGC-APP.030, rev. 09/03), which is hereby
18 incorporated by reference.

19 (3) A complete application for contract approval shall include all of the
20 following:

21 (A) A completed Application for Contract Approval Provider of
22 Proposition Player Services (DGC-APP.030, rev. 09/03), which
23 is hereby incorporated by reference.

1 (B) A completed Appointment of Designated Agent for Owners and
2 Proposition Players (DGC-APP.031, rev. 09/03), which is
3 hereby incorporated by reference.

4
5 (C) An executed copy of the contract that specifically addresses all
6 of the requirements of Section 12200.7.

7
8 (D) A playing book form that specifically addresses all of the
9 requirements of section 12200.13.

10
11 (E) A five hundred dollar (\$500) nonrefundable application fee.

12
13 (F) A deposit in such amount as, in the judgment of the Director of
14 the Division, will be sufficient to pay the anticipated processing
15 costs. The Division may require an additional sum to be
16 deposited to pay the final costs of the review and approval or
17 disapproval of the contract. Any money received as a deposit in
18 excess of the costs incurred in the review and approval or
19 disapproval of the contract will be refunded and an itemized
20 accounting will be provided to the primary owner, or primary
21 owner's designee.

22 (4) The Division shall notify the applicant, in writing, within ten working
23 days of receiving the application that the application or resubmitted
24 application is complete or incomplete. If an application is incomplete,
25 the Division shall request, in writing, any information, fees, or
26 documentation needed to complete the application. Unless extended

1 by the Division for further investigation up to 90 days or with the
2 consent of the applicant, review and approval or disapproval of a
3 proposition player contract shall be completed within 90 days of
4 receiving a completed application and notice thereof shall be sent via
5 United States mail to the applicant or the applicant's designee within
6 10 days of the Division's decision. Notice of disapproval of the
7 contract or amendments shall specify the cause.

8 (b) (1) In lieu of the procedure specified in subsection (a), the Division shall
9 provide an expedited review process of an application for contract
10 approval if all of the following conditions exist:

11
12 (A) Proposition player services were provided in the gambling
13 establishment at any time during the 30 days preceding the
14 application pursuant to a contract that was previously approved
15 by the Division and that has been terminated.

16
17 (B) The proposed contract is between the house and a different
18 primary owner than the previous contract under which
19 proposition player services were provided in the gambling
20 establishment.

21
22 (C) The terms of the proposed contract are substantially identical to
23 the contract previously approved by the Division under which
24 proposition player services were provided in the gambling
25 establishment at any time during the 30 days preceding the
26 application.

1
2 (2) If an application for contract approval is submitted as an expedited
3 contract request and the Division determines that it does not meet the
4 criteria, the primary owner or designee and the house shall be notified
5 within one business day of the Division's decision. Any contract that
6 is not processed through the expedited review and approval process
7 shall be treated as a new contract request and reviewed and approved
8 or disapproved as otherwise provided by subsection (a).

9
10 (3) The Division shall complete the expedited review and approval of a
11 contract within three business days of receiving all of the following:

12
13 (A) A completed Application for Contract Approval Provider of
14 Proposition Player Services (DGC-APP.030, rev. 05/04).

15
16 (B) A completed Appointment of Designated Agent for Owners and
17 Proposition Players (DGC-APP.031, rev. 05/04).

18
19 (C) An executed copy of the contract that specifically addresses all
20 the requirements of Section 12200.7.

21
22 (D) A playing book form that specifically addresses all the
23 requirements of Section 12200.9.

24
25 (E) A five hundred dollar (\$500) nonrefundable application fee.

26 (F) An expedited processing fee of \$550.

- 1 (c) (1) As soon as is practicable after determining that any application for
2 approval of a proposition player contract or amendment is complete
3 and that the contract or amendment appears to qualify for approval,
4 but in no event less than 75 days from receipt of the application, the
5 Division shall submit the contract or amendment to the Commission
6 for review and comment. The Commission shall provide the Division
7 with comments, if any, within 15 days of receipt of the contract or
8 amendment.
- 9 (2) A copy of the Division's notice of approval or disapproval of a
10 proposition player contract or amendment thereto shall be sent to the
11 Commission.
- 12 (d) An executed copy of the currently effective contract, and all amendment(s)
13 thereto, and a copy of all Division notices that approved the contract and any
14 amendment shall be maintained at the gambling establishment and shall be
15 provided for review or copying upon request by any representative of the
16 Commission or Division.
- 17 (e) The term of any proposition player contract shall not exceed one year and
18 shall not be extended or renewed without the prior approval of the Division.
19 No amendment changing any of the contract terms referred to in Section
20 12200.7, other than paragraphs (3), (4), and (6) of subsection (b) thereof,
21 may become effective during the term of a proposition player contract
22 without the prior written approval of the Division. If any amendment is
23 made to a proposition player contract term specified in paragraphs (3), (4),
24 or (6) of subsection (b) of Section 12200.7, both parties to the contract shall

1 notify the Commission and Division in writing of the amendment within 10
2 days of the execution thereof by the parties to the contract.

3 (f) Requests to review and approve an amendment to a proposition player
4 contract shall be submitted with an application for approval along with an
5 executed copy of the contract, a five hundred dollar (\$500) nonrefundable
6 application fee, and a deposit in such amount as, in the judgment of the
7 Director of the Division, will be sufficient to pay the anticipated processing
8 costs. The Division may require an additional sum to be deposited to pay
9 the final costs of the review and approval or disapproval of the amendment.
10 Any money received as a deposit in excess of the costs incurred in the
11 review and approval or disapproval of the amendment shall be refunded and
12 an itemized accounting shall be provided to the primary owner or the
13 primary owner's designee.

14 (g) All proposition player contracts shall be subject to, and superseded by, any
15 changes in the requirements of regulations adopted under Business and
16 Professions Code section 19984 that conflict with or supplement provisions
17 of the proposition player contract.

18 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

19 **Reference:** Section 19984, Business and Professions Code

20 **Section 12200.11 Proposition Player Contract Extensions**

21 (a) An application for approval of a proposal to extend or renew a proposition
22 player services contract shall include all of the following:

1 ((1) A completed Application for Contract Approval Provider of
2 Proposition Player Services (DGC-APP.030, rev. 05/04), which is
3 hereby incorporated by reference.

4 (2) A \$500 application fee.

5 (b) The application shall be submitted to the Division no later than 90 days prior
6 to the date that the current contract is scheduled to expire.

7 (c) As soon as is practicable after determining that any application for approval
8 of a proposition player contract extension is complete and that the contract
9 extension appears to qualify for approval, but in no event less than 75 days
10 from receipt of the application, the Division shall submit the contract
11 extension to the Commission for review and comment. The Commission
12 shall provide the Division with comments, if any, within 15 days of receipt
13 of the contract extension.

14 (d) A deposit in such amount as, in the judgment of the Director of the Division,
15 will be sufficient to pay the anticipated processing costs. The Division may
16 require an additional sum to be deposited to pay the final costs of the review
17 and approval or disapproval of the contract. Any money received as a
18 deposit in excess of the costs incurred in the review and approval or
19 disapproval of the contract will be refunded and an itemized accounting will
20 be provided to the primary owner, or primary owner's designee.

21
22 **Section 12200.13 Playing Books**

1 (a) The primary owner shall be responsible for assuring that its players maintain
2 accurate, complete, and up-to-date playing books for all sessions of play
3 worked in conformity with regulations of the Commission. The information
4 in the playing-book record shall be transferred to the primary owner, or a
5 supervisor designated by the primary owner at the end of each session of
6 play. The primary owner shall maintain this information in English at a
7 single location in the State of California, and shall maintain the original
8 playing book records in the State of California, for at least five years. The
9 location or locations where the records of this information and the original
10 playing book records are maintained, and any change therein, shall be
11 disclosed to the Commission and Division by written notice mailed or
12 delivered within five business days after establishing or changing such a
13 location.

14 (b) Playing books shall be prepared and maintained as follows:

15 (1) Playing book forms shall be reviewed and approved or disapproved
16 during the review of the contract by the Division.

17 (2) Each form in the playing book shall be recorded in ink and include,
18 but not be limited to, the following information:

19 (A) Sequential numbers. Any unused form shall be voided and
20 maintained in the playing book.

21 (B) Specify the name of the gambling establishment where play
22 occurred.

23 (C) The date when play occurred.

1 (D) Beginning and ending balances.

2 (E) All fills and credits affecting the balance shall be individually
3 identified.

4 (F) The printed full name and badge number of the proposition
5 player, which includes owners, supervisors, and/or players.

6 (G) The table number.

7 (H) The specific name of the Division-approved gaming activity.

8 (I) The name of the primary owner.

9 (3) The form for each session of play shall be dated and signed under
10 penalty of perjury by the person who prepared it and shall include a
11 declaration in the following form: "I declare under penalty of perjury
12 under the laws of the State of California that the foregoing is true and
13 correct."

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

16
17 **Section 12200.15 Transfers and Sales**

18 (a) No individual who is an owner shall in any manner transfer any interest in
19 the proposition player services operation to any person, firm, or corporation
20 not then an owner of an interest therein, and such a transfer shall not become
21 effective for any purpose, until the proposed transferee or transferees have

1 made application for and obtained registration or licensing as an owner from
2 the Commission. Applications for a transfer of the interest shall be made by
3 the transferee applying for registration or licensing under this regulation.
4 Evidence of the transferor's agreement to transfer the interest shall
5 accompany the application for registration or licensing.

6 (b) The proposed articles of incorporation and sales and transfer agreement shall
7 be submitted to the Commission for approval prior to submission of
8 application.

9 (c) The effective date of the sale shall be at least 90 days after receipt of the
10 application, or such other shorter time period as shall be set by the Executive
11 Director with the agreement of the applicant.

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14 **Section 12200.16. Inspections**

15 (a) When requested by a representative of the Commission or Division, a
16 registrant or licensee shall immediately permit the Commission or Division
17 representative, in accordance with the request, to inspect, copy, or audit all
18 requested documents, papers, books, and other records of the registrant or
19 licensee related to the provision of proposition player services. If the
20 records are maintained in electronic form and the registrant or licensee is
21 requested to do so, the registrant or licensee shall provide a printed copy in
22 English pursuant to this section within 24 hours of the request.

1 (b) All records required by this chapter shall be maintained in English, in
2 California.

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Section 19984, Business and Professions Code

5
6 **Section 12200.17 Emergency Orders**

7 Registrants and licensees under this chapter shall be subject to emergency orders
8 under Business and Professions Code section 19931.

9 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

10 **Reference:** Sections 19984 and 19931, Business and Professions Code

11 **Section 12200.18 Revocation**

12 The Commission may revoke a license or registration, upon any of the following
13 grounds, after a hearing conducted pursuant to the same procedures applicable to
14 the revocation of a gambling establishment license:

15 (a) The licensee or registrant committed, attempted to commit, or conspired to
16 commit any acts prohibited by the Gambling Control Act or this chapter.

17 (b) Any act or omission by the registrant that would disqualify the registrant
18 from obtaining registration under this chapter. Any act or omission by the
19 licensee that would disqualify the licensee from obtaining licensing under
20 this chapter.

- 1 (c) The licensee or registrant engaged in any dishonest, fraudulent, or unfairly
2 deceptive activities in connection with controlled gambling, including any
3 violation of laws related to cheating.
- 4 (d) The licensee or registrant failed or refused to comply with the requirements
5 of Section 12200.16 (Inspections).
- 6 (e) The licensee or registrant concealed or refused to disclose any material fact
7 in any inquiry by the Division or the Commission.
- 8 (f) The licensee or registrant committed, attempted, or conspired to commit any
9 embezzlement or larceny against a gambling licensee or proposition player
10 registrant or upon the premises of a gambling establishment.
- 11 (g) The licensee or registrant has been lawfully excluded from being present
12 upon the premises of any licensed gambling establishment for any reason
13 relating to cheating or any violation of the Gambling Control Act by the
14 registrant.
- 15 (h) The registrant or licensee buys or sells chips outside the cage, except for
16 exchanging with a patron chips of one denomination for chips of another
17 denomination.
- 18 (i) The registrant or licensee lends money or chips to gambling establishment
19 patrons, except for exchanging with a patron chips of one denomination for
20 chips of another denomination.
- 21 (j) The registrant or licensee made wagers that were not specifically authorized
22 by the game rules approved by the Division.”

1 (k) The primary owner or any other owner knowingly permitted one or more of
2 the owner's supervisors or players to commit any act described in
3 subsections (a) to (j), inclusive.

4 (l) The primary owner or any other owner knew, or failed to implement
5 reasonable oversight procedures that would have apprised the owner, that
6 one or more of the registrants or licensees was in violation of one or more
7 provisions of this chapter or of the Gambling Control Act and failed or
8 refused to take action to prevent the recurrence of the violation or violations.

9 **Authority:** Sections 19840, 19941, and 19984, Business and Professions Code

10 **Reference:** Section 19984, Business and Professions Code

11

12 **Section 12200.19 Special Authorizations and Limitations**

13 (a) The holder of a supervisor's registration or license may also perform the
14 functions of a player.

15 (b) Only authorized players may possess, direct, or otherwise control currency,
16 chips, or other wagering instruments used for play in the performance of a
17 proposition player contract.

18

19 **Section 12200.20 Non-refundable Annual Fee**

20 (a) No later than September 1, 2004, each registered primary owner shall submit
21 to the Commission the non-refundable annual fee set forth in subsection (b)

1 of this section, based on the total number of registrations affiliated with that
2 primary owner on the effective date of this regulation.

3 (b) Within 30 days of approval of any initial license application, the
4 Commission shall notify the licensee of any additional fees owed for the
5 term of the license granted, allowing pro rata credit on a monthly basis for
6 any annual fee paid in connection with a registration that has not expired.

7
8 (c) The annual fee shall be computed based on the following chart reflecting the
9 total number of registrants affiliated with a particular primary owner on the
10 date of assessment:

<u>Category</u>	<u>Number of Registrants</u>	<u>Fee Per Registrant</u>
A	1—5	\$2800
B	6--35	\$3050
C	36--175	\$3300
D	176—400	\$3550
E	401--900	\$3800
F	901--1200	\$4050
G	1200 or more	\$4300

- 1 (d) Upon advance written approval by the Executive Director, installment
2 payments shall be permitted as follows: one-third of the annual fee to be
3 submitted no later than September 1, 2004, one-third no later than December
4 1, 2004, and the balance no later than March 1, 2005.
- 5 (e) Refunds shall not be available in the event of a subsequent decrease in the
6 number of registrants upon which the annual fee payment was based.
- 7 (f) Following assessment of the annual fee, if the primary owner increases the
8 number of its registrants above the number upon which the annual fee
9 assessment was based, the primary owner shall submit to the Commission
10 not only the required application fee for the additional registrants, but also
11 the additional per player fee set forth in subsection (b) of this section.
- 12 (g) No renewal application shall be accepted by the Commission until any
13 delinquent annual fees have been paid in full.

14 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

15 **Reference:** Section 19984, Business and Professions Code

16 **Article 2. Interim Registration**

17 **Section 12200.25 Transition to Licensing**

- 18 (a) No person may provide proposition player services as an owner, supervisor,
19 or player or obtain a badge as required by Section 12200.3 without a current
20 valid license issued by the Commission, except that entities and individuals
21 registered as owners, supervisors, or players may continue to provide those
22 proposition player services under a valid registration, including a renewed
23 registration, until the Commission grants or denies licensing.

- 1
- 2 (b) The Division shall summon persons registered as owners, supervisors,
3 players, and other employees for the purpose of applying for licenses under
4 his chapter. The Division shall summon registrants in a way that will
5 provide for the orderly licensing of primary owners, owners, supervisors,
6 players, and other employees as expeditiously as possible in light of
7 available program resources. The registration of any registrant that fails or
8 refuses to submit a supplemental license application package including any
9 fees to the Commission within 30 days of receiving a summons from the
10 Division shall expire by operation of law on the following day. Prior to and
11 during review of a license application, a registration shall remain valid and
12 may be renewed by the registrant as necessary, upon application and
13 approval of renewal of registration as provided in Section 12203.5.
- 14 (c) If the registration expires, the former registrant shall submit a new
15 application and a new nonrefundable application fee.
- 16 (d) The transition from registration to licensing shall be completed no later than
17 January 30, 2007.
- 18 (e) The license application process, since it is the second phase of the interim
19 registration-licensing program, shall not require payment of an additional
20 application fee.
- 21 (f) If an application for licensing as a primary owner, owner, supervisor, or
22 player is granted, a license may be issued to the applicant, to expire as
23 provided in Section 12218.19 (Term of License).

24 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

25 **Reference:** Section 19984, Business and Professions Code

26

Proposed *Permanent* Proposition Player Regulation

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Section 12201. Registration

- (a) On and after March 31, 2004, no person may provide proposition player services or obtain a badge as required by Section 12200.3 without a current valid registration issued by the Commission.
- (b) Except as provided in subsection (c), registration shall be issued for a period of one year.
- (c) For owners, supervisors, and players, requirements for registration under this ~~regulation~~ Article will be superseded by licensing requirements ~~upon the effective date of implementing regulations of the Commission to be adopted in the future~~ following the schedule and procedures prescribed Section 12200.25 and in Article 3 of this Chapter. Registration under this ~~chapter~~ Article or its predecessor shall not create any vested right to licensing under ~~those implementing regulations~~ Article 3 of this Chapter or any successor provision.

THREE ALTERNATIVES ARE PRESENTED FOR SUBSECTION (d).

ALTERNATIVE ONE WOULD CONTINUE THE CURRENT LANGUAGE WITH ONE MINOR CHANGE.

ALTERNATIVE TWO WOULD RESPOND TO A REQUEST FOR CLARIFICATION MADE AT THE MAY 12, 2004 WORKSHOP.

ALTERNATIVE THREE WOULD PLACE ADDITIONAL RESTRICTIONS ON PERSONS ELIGIBLE FOR REGISTRATION.

1 ALTERNATIVE ONE

2 (d) If a primary owner is a corporation, partnership, or other business entity,
3 each owner, ~~supervisor~~, and individual having a relationship to that entity
4 specified in Business and Professions Code section 19852, subdivisions (a)
5 to (h), inclusive, shall individually apply for and obtain registration as an
6 owner listed on the business entity's registration certificate. No business
7 entity or sole proprietor shall be registered under this chapter that is also
8 licensed under the Gambling Control Act to operate a gambling
9 establishment.

10 ALTERNATIVE TWO

11 (d) If a primary owner is a corporation, partnership, or other business entity,
12 each owner, ~~supervisor~~, and individual having a relationship to that entity
13 specified in Business and Professions Code section 19852, subdivisions (a)
14 to (h), inclusive, shall individually apply for and obtain registration as an
15 owner listed on the business entity's registration certificate. No business
16 entity or sole proprietor shall be registered under this chapter that is also
17 licensed under the Gambling Control Act to operate a gambling
18 establishment. For example, while an individual shareholder of a
19 corporation that is licensed under the Gambling Control Act to operate a
20 gambling establishment is not thereby disqualified from owning an interest
21 in a corporation that is a primary owner, the corporation that is licensed
22 under the Gambling Control Act to operate a gambling establishment shall
23 not be eligible for registration under this chapter.

24 ALTERNATIVE THREE

1 (d) (1) If a primary owner is a corporation, partnership, or other business
2 entity, each owner, ~~supervisor,~~ and individual having a relationship to that
3 entity specified in Business and Professions Code section 19852,
4 subdivisions (a) to (h), inclusive, shall individually apply for and obtain
5 registration as an owner listed on the business entity's registration
6 certificate. No business entity or sole proprietor shall be registered under
7 this chapter that is also licensed under the Gambling Control Act to operate a
8 gambling establishment.

9 (2) No holder of a state gambling license or key employee license shall be
10 eligible for registration under this chapter, unless Business and Professions
11 Code section 19984 is amended to expressly permit gambling establishment
12 licensees to provide proposition player services.

13 END OF ALTERNATIVE VERSIONS OF SUBSECTION (d)

14 (e) If the application is for registration as a supervisor or player, the primary
15 owner that will employ the applicant shall be currently registered under this
16 chapter.

17 (f) A registration certificate shall be issued to each primary owner and shall
18 include an expiration date. All owners other than the primary owner, ~~all~~
19 ~~supervisors, and all persons required to be registered pursuant to subsection~~
20 ~~(d) of this section shall not receive a separate registration certificate, but the~~
21 ~~registration of every such person shall be endorsed on the registration~~
22 certificate that is issued to the primary owner.

23 (g) Registration is non-transferable.

1 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

2 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

3 **Section 12202. Application for Registration**

4 (a) The application for registration shall designate whether the registration is
5 requested as a primary owner, other owner, supervisor, player, or other
6 employee. The application shall be signed by the individual applicant or, if
7 the applicant is a business entity, by the chief executive officer or other
8 designated officer of the business entity.

9 (b) An application for registration shall include all of the following:

10 (1) Payment of a nonrefundable application fee in the amount of five
11 hundred dollars (\$500).

12 (2) A completed Application for Third Party Proposition Player Services
13 Registration (CGCC-035, rev. 02/04), which is hereby incorporated
14 by reference.

15 (3) A Request for Live Scan Service (California Department of Justice
16 Form BCII 8016, rev. 4/01) for an applicant that is an individual,
17 confirming that the applicant's fingerprints have been submitted to the
18 Bureau for an automated background check and response.

19 (4) Two two-by-two inch color passport-style photographs of an applicant
20 that is an individual taken no more than one year before submission of
21 the application to the Commission.

1 (c) An applicant shall submit such supplemental information as may be required
2 by the Commission form Third Party Proposition Player Services
3 Registration Supplemental Information (CGCC-036, rev. 02/04), which is
4 hereby incorporated by reference, or by the Division as necessary for
5 completion of its review as provided in this chapter.

6 (d) An applicant for registration or for any approval required by this chapter
7 shall make full and true disclosure of all information to the Commission and
8 Division as required for the application and as requested by the Commission
9 or Division to carry out the policies of this state relating to controlled
10 gambling.

11 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

12 **Reference:** Sections 19984 and 19951(a), Business and Professions Code

13 **Section 12203. Processing of Applications for Initial and Renewal**
14 **Registration**

15 (a) The Executive Director shall notify the applicant in writing within 20 days
16 of receiving the application, that the application or resubmitted application is
17 complete and accepted for filing, or that the application or resubmitted
18 application is deficient. If an application for registration is incomplete, the
19 Executive Director shall request in writing any information needed in order
20 to complete the application. The applicant shall be permitted at least 60 but
21 no more than 90 days in which to furnish the information. If the applicant
22 fails to respond to the request, the application shall be deemed abandoned
23 and no further action will be taken on it.

- 1 (b) Upon determination that an application for registration is complete, the
2 application shall be processed within 60 days and the Executive Director
3 shall either issue the registration and badge applied for or shall notify the
4 applicant of denial and the grounds therefor under Section 12204. However,
5 this time may be extended by the Executive Director for no more than 30
6 additional days if necessary to obtain information required to determine
7 eligibility. The Executive Director shall promptly notify the applicant in
8 writing of any such delay, including the length of the extension.
- 9 (c) If the applicant submits a request for withdrawal of his or her application to
10 the Commission, the application shall be deemed abandoned and no further
11 action will be taken on it.
- 12 (d) The Commission shall provide written notice of abandonment of an
13 application to the applicant and the Division. If the application is for
14 registration as a supervisor, player, or other employee, the Commission shall
15 also provide written notice of abandonment of the application to the primary
16 owner.
- 17 (e) Nothing in this chapter shall require the Commission or Division to divulge
18 to the applicant any confidential information received from any law
19 enforcement agency or any information received from any person with
20 assurances that the information would be maintained as confidential, and
21 nothing in this chapter shall require the Commission or Division to divulge
22 any information that might reveal the identity of any source of information
23 or jeopardize the safety of any person.

1 (f) Renewal applications shall be received no later than 120 days prior to the
2 expiration of the current registration, together with all required fees. If an
3 application is received after this 120-day deadline, an “expedited processing
4 fee” of \$60 shall be submitted with the application. If an expedited
5 processing fee is due but has not been received, the application shall be
6 deemed incomplete.

7 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

8 **Reference:** Section 19984, Business and Professions Code.

9 **Section 12203.1 Application for Temporary Player Registration**

10 The Executive Director shall, within 15 days of receiving a complete application,
11 issue a temporary player registration valid for 120 days if all of the following
12 requirements are met:

13 (a) The applicant has applied for a temporary player registration by
14 completing the Commission’s registration application form,
15 requesting issuance of a temporary registration by checking the
16 appropriate box on the application form, and submitting with the
17 application a nonrefundable \$25.00 temporary registration fee, in
18 addition to the regular registration fee of \$500.

19 (b) The applicant has supplied all of the following to the Commission:

20 (1) The applicant’s name, mailing address, residence street address
21 (if different than mailing address), telephone number, e-mail
22 address (optional), and date of birth.

23 (2) A two by two inch color passport-style photograph taken no
24 more than 30 days before submission to the Commission of the
25 registration application, which shall be in addition to the

1 photograph submitted for the regular registration.

2 (3) Information concerning the primary owner with which
3 the position is available: the name of the primary owner, mailing
4 address, voice telephone number, facsimile number (if any), e-mail
5 address (if any), the job title of the position, and the name of the
6 owner or authorized agent.

7 (4) A Request for Live Scan Service (California Department of
8 Justice Form BCII 8016, rev. 4/01,) confirming that the
9 applicant has submitted his or her fingerprints to the Bureau for
10 an automated background check and response.

11 (c) Neither the application in its entirety nor the results of the
12 investigation of the applicant reported by the Division to the
13 Commission up until the date of issuance of the temporary registration
14 discloses any of the following:

15 (1) The applicant has been convicted of any felony.

16 (2) The applicant has, within the 10-year period immediately
17 preceding the submission of the application, been convicted of any of the
18 following offenses, not including convictions which have been expunged or
19 dismissed as provided by law:

20 (A) A misdemeanor involving a firearm or other
21 deadly weapon.

22 (B) A misdemeanor involving gaming or gaming related activities
23 prohibited by Chapter 9 (commencing with section 319) and
24 Chapter 10 (commencing with section 330) of Title 9 of Part 1
25 of the Penal Code.

1 (C) A misdemeanor involving a violation of an ordinance of any
2 city, county, or city and county, which pertains to gambling or
3 gambling-related activities.

4 (D) A misdemeanor involving violations of the Gambling Control
5 Act.

6 (E) A misdemeanor involving dishonesty or moral turpitude.

7 (3) The applicant has had an application for a gambling license, work
8 permit, or proposition player registration denied.

9
10 (4) The applicant has had a gambling license, work permit
11 revoked, or proposition player registration denied.

12 (5) The applicant is disqualified under the Gambling Control
13 Act or other provisions of law from holding a temporary registration.

14 (d) The Division has reported one of the following to the Commission
15 concerning the Request for Live Scan Service submitted to the
16 Bureau:

17 (1) A response has been received from the Bureau or Federal
18 authorities that is consistent with a finding that the applicant
19 has not sustained any disqualifying criminal convictions, or,

20 (2) No response from the Bureau or Federal authorities has been
21 received within the time period set forth in subdivision
22 subsection (b) of section 12126.

23 (e) The application and other information obtained during the review
24 does not disclose any factor indicating that approval of the temporary
25 registration may in the judgment of the Executive Director
26 present a danger to the public or to the reputation of controlled

1 gambling or proposition playing in this state.

2 (f) The applicant is not ineligible under Business and Professions Code
3 section 19859, subdivisions (b), (e), (f), or (g), the terms of which are
4 incorporated by reference and hereby expressly made applicable to
5 applications for temporary work permits.

7 **Section 12204. Ineligibility for Registration**

8 An applicant shall be ineligible for registration for any of the following causes:

9 (a) The applicant has been convicted of any felony, including a conviction in a
10 court of the United States or any other state of an offense that is classified as
11 a felony by the laws of this state.

12 (b) The applicant has, within the ten year period immediately preceding the
13 submission of the application, been convicted of a misdemeanor involving a
14 firearm or other deadly weapon, gaming or gaming-related activities
15 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10
16 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,
17 violations of the Gambling Control Act, or dishonesty or moral turpitude,
18 not including convictions which have been expunged or dismissed as
19 provided by law.

20 (c) If the application is for registration as an owner, supervisor, or player, the
21 applicant has been subject to a final administrative or judicial adjudication
22 revoking a registration under this chapter or a state gambling license, key

1 employee license, work permit or finding of suitability or has had an
2 application denied under this chapter or the Gambling Control Act.

3 (d) The applicant would be ineligible for a state gambling license under any of
4 the criteria set forth in Business and Professions Code section 19859,
5 subdivisions (b), (e), (f), or (g), the terms of which are incorporated by
6 reference and hereby expressly made applicable to applications for
7 registration under this chapter.

8 (e) The applicant would be ineligible for a state gambling license under
9 Business and Professions Code section 19858, the terms of which are
10 incorporated by reference and hereby expressly made applicable to
11 applications for registration under this chapter.

12 (f) The applicant has violated one or more of the prohibitions set forth in
13 Subsection 12200.7(b)(5), (10) or Subsection 12200.7(c).

14 (g) The applicant has failed to comply with one or more of the requirements set
15 forth in Subsection 12200.7(b)(8), (9), (15), (16), or (17) or in Subsection
16 12200.7(e).

17 (h) The applicant has failed to act in accordance with the requirements of
18 Subsection 12200.7(c).

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20 **Reference:** Section 19984, Business and Professions Code

21 **12205. Cancellation of Registration**

1 (a) Any registration issued in accordance with this chapter shall be subject to
2 cancellation pursuant to this section. A registration shall be cancelled if the
3 Commission determines upon a noticed hearing that the registrant is
4 ineligible for registration, has failed in the application for registration to
5 reveal any fact material to the holder's qualification for registration, or has
6 supplied information in the registration application that is untrue or
7 misleading as to a material fact pertaining to the criteria for issuance of
8 registration.

9 (b) If the Commission finds that any of the circumstances set forth in subsection
10 (a) apply, then the Executive Director shall immediately do all of the
11 following:

12 (1) Provide written notice to the registrant and the Division of the
13 cancellation of the registration and the grounds thereof, and provide
14 written notice of the cancellation to the owner, if the registrant is a
15 supervisor, player, or other employee and to any gambling
16 establishment in which the registrant provides proposition player
17 services.

18 (2) Notify the registrant that he or she is required to surrender the
19 registrant's badge to the Commission not more than ten days
20 following the date that the notice of the cancellation was mailed or
21 such greater time as is authorized by the Executive Director.

22 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

23 **Reference:** Section 19984, Business and Professions Code

1 **Section 12206. Badge**

2 ~~All individuals registered as owners, supervisors, players, and all other employees~~
3 ~~of the owner shall wear in a prominently visible location a numbered badge issued~~
4 ~~by the Commission when present in a gambling establishment during the provision~~
5 ~~of proposition player services under the proposition player contract that covers the~~
6 ~~registrant. The words “ TPP PLAYER REGISTRANT” in capital letters shall be~~
7 ~~prominently displayed on the badge above the registrant’s category of registration~~
8 ~~as an owner, supervisor, player or other employee. Below that portion of the badge~~
9 ~~there shall be displayed the picture of the registrant submitted with the application~~
10 ~~and the badge number, registrant’s first name, and expiration date. The registrant’s~~
11 ~~full name shall be printed on the reverse side of the badge.~~

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14 **Section 12207. Proposition Player Contract Criteria**

15 ~~(a) — All proposition player contracts shall be subject to, and superseded by, any~~
16 ~~changes in the requirements of regulations adopted under Business and~~
17 ~~Professions Code section 19984 that conflict with or supplement provisions~~
18 ~~of the proposition player contract.~~

19 ~~(b) — Each proposition player contract shall specifically require all of the~~
20 ~~following to be separately set forth at the beginning of the contract:~~

21 ~~(1) — The names of the parties to the contract.~~

22 ~~(2) — The effective dates of the contract.~~

23 ~~(3) — The specific name of the Division approved gaming activities for~~
24 ~~which proposition player services will be provided.~~

- 1 ~~(4) The maximum and minimum number of gaming tables available to the~~
2 ~~proposition player provider service.~~
- 3 ~~(5) That no more than one owner, supervisor, or player from each~~
4 ~~provider of proposition player service shall simultaneously play at a~~
5 ~~table.~~
- 6 ~~(6) The hours of operation that proposition player services will be~~
7 ~~provided.~~
- 8
- 9 ~~(7) A detailed description of the location, applicable security measures,~~
10 ~~and purpose of any currency, chips, or other wagering instruments that~~
11 ~~will be stored, maintained, or kept within the gambling establishment~~
12 ~~by or on behalf of the primary owner.~~
- 13 ~~(8) That proposition player services shall be provided in the gambling~~
14 ~~establishment only in compliance with laws and regulations pertaining~~
15 ~~to controlled gambling.~~
- 16 ~~(9) That proposition player services may be provided only by owners,~~
17 ~~supervisors, and players with current registration under this chapter.~~
- 18 ~~(10) That a registrant may not provide proposition player services in a~~
19 ~~gambling establishment for which the registrant holds a state~~
20 ~~gambling license, key employee license, or work permit.~~
- 21 ~~(11) That collection fees charged by the house for participation in~~
22 ~~any controlled game shall be the same as those charged to other~~
23 ~~participants during the play of the game.~~
- 24 ~~(12) The form to be used for the playing book record and the initial~~
25 ~~number that will be used for the sequentially numbered forms.~~
- 26 ~~(13) Any agreement between the primary owner and the house for~~
27 ~~owners or supervisors to inspect or receive a copy of~~
28 ~~surveillance recordings of tables at which proposition player~~
29 ~~services are provided under the contract during the times the~~
30 ~~services are provided, as necessary for business purposes.~~
- 31 ~~(14) A full disclosure of any financial arrangements entered into~~
32 ~~during the term of the contract for any purpose between the~~

1 house and any registrant covered by the proposition player
2 contract. If there is no financial consideration that passes under
3 the contract, a statement to that effect shall be included.

4 ~~(15) — That any legal dispute between the owner and the house,
5 including any exclusion of a registered owner, player, or
6 supervisor covered by the contract from the house shall be
7 within 10 days reported by the primary owner and the house to
8 the Commission and Division.~~

9 ~~(16) — That the primary owner and the house shall within 10 days
10 report to the Commission and Division the identity of any
11 registrant whose activities are covered by the proposition player
12 contract and who is arrested in the gambling establishment by a
13 peace officer, who is removed from the gambling establishment
14 by a peace officer or the house, or who is involved in a patron
15 dispute regarding his or her activities in the gambling
16 establishment that is the subject of a report to a peace officer
17 and that results in removal of one or more individuals.~~

18 ~~(17) — That any cheating reported to the house by a registrant shall be
19 reported within 5 days by the primary owner and the house to
20 the Commission and Division.~~

21 ~~(c) — Except as expressly authorized by this subsection, a proposition player
22 contract shall not include any provision authorizing payment to or receipt by
23 the house, or a designee thereof, of any share of the profits or revenues of a
24 registrant. Any payments made by a registrant to the house for a purpose
25 determined by agreement with the house shall be specifically authorized by
26 the proposition player contract. All payments shall be specified in the
27 contract. In no event may a proposition player contract provide for any
28 payment based on a percentage or fraction of the registrant's gross profits or
29 wagers made or the number of players. All payments shall be fixed and
30 shall only be made for services and facilities requested by, and provided to,
31 the registrant, and for a reasonable share of the cost of advertising with
32 respect to gaming at the gambling establishment in which the registered
33 owner participates. No contract provision shall authorize any payments for
34 services or facilities that are substantially disproportionate to the value of the
35 services or facilities provided. No payment other than the collection of fees~~

1 for play, shall be required for play at any table, including, without limitation,
2 reservation of a seat.

3 ~~(d) The proposition player contract shall not contain any provision that limits~~
4 ~~contact with officials or employees of the Commission or Division. The~~
5 ~~proposition player contract shall prohibit an owner or the house from~~
6 ~~retaliating against any registrant on account of contact with an official or~~
7 ~~employee of the Commission or Division or any other public official or~~
8 ~~agency.~~

9 ~~(e) A proposition player contract shall be consistent with the provisions of~~
10 ~~Business and Professions Code section 19984, subdivision (a), prohibiting a~~
11 ~~gambling establishment or the house from having any interest, whether~~
12 ~~direct or indirect, in funds wagered, lost, or won. No proposition player~~
13 ~~contract shall be approved that would permit the house to bank any game in~~
14 ~~the gambling establishment.~~

15 ~~(f) Each proposition player contract approved by the Division shall~~
16 ~~contain a provision authorizing the Commission, after receiving the findings and~~
17 ~~recommendation of the Division, to terminate the contract for any material~~
18 ~~violation of any term required by this section.~~

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code.

20 **Reference:** Section 19984, Business and Professions Code

21 **Section 12208. Review and Approval of Proposition Player**
22 **Contracts**

23 ~~(a) (1) On and after April 30, 2004, proposition player services shall not be~~
24 ~~provided except pursuant to a proposition player contract, in writing,~~
25 ~~approved in advance by the Division. Provision of proposition player~~
26 ~~services by any person subject to registration under this chapter, or~~
27 ~~engagement of proposition player services by the holder of a state~~
28 ~~gambling license, without a contract as required by this section is a~~
29 ~~violation of this section. The Division shall approve a proposition~~

1 ~~player contract if the contract is consistent with this regulation and the~~
2 ~~Act; the contract does not provide for controlled gambling that will be~~
3 ~~conducted in a manner that is inimical to the public health, safety, or~~
4 ~~welfare; the contract will not create or enhance the dangers of~~
5 ~~unsuitable, unfair, or illegal practices, methods, or activities in the~~
6 ~~conduct of controlled gambling or in the carrying on of the business~~
7 ~~and financial arrangements incidental thereto; and will not undermine~~
8 ~~public trust that the controlled gambling operations covered by the~~
9 ~~contract will be conducted honestly, by reason of the existence or~~
10 ~~perception of any collusive arrangement between any party to the~~
11 ~~contract and the holder of a state gambling license, or otherwise.~~

12 ~~(2) — Prior to December 7, 2003, each primary owner that is providing~~
13 ~~proposition player services at a gambling establishment on the date~~
14 ~~that these regulations originally became effective (November 6, 2003)~~
15 ~~shall submit an Application for Contract Approval Provider of~~
16 ~~Proposition Player Services (DGC APP.030, rev. 09/03), which is~~
17 ~~hereby incorporated by reference.~~

18 ~~(3) — A complete application for contract approval shall include all of the~~
19 ~~following:~~

20
21 ~~(A) — A completed Application for Contract Approval Provider of~~
22 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

23
24 ~~(B) — A completed Appointment of Designated Agent for Owners and~~
25 ~~Proposition Players (DGC APP.031, rev. 09/03) which is~~
26 ~~hereby incorporated by reference.~~

27
28 ~~(C) — An executed copy of the contract that specifically addresses all~~
29 ~~of the requirements of Section 12207.~~

30
31 ~~(D) — A playing book form that specifically addresses all of the~~
32 ~~requirements of section 12209.~~

33
34 ~~(E) — A five hundred dollar (\$500) nonrefundable application fee.~~

35
36 ~~(F) — A deposit in such amount as, in the judgment of the Director of~~
37 ~~the Division, will be sufficient to pay the anticipated processing~~

1 costs. The Division may require an additional sum to be
2 deposited to pay the final costs of the review and approval or
3 disapproval of the contract. Any money received as a deposit in
4 excess of the costs incurred in the review and approval or
5 disapproval of the contract will be refunded and an itemized
6 accounting will be provided to the primary owner, or primary
7 owner's designee.

8 ~~(4) The Division shall notify the applicant, in writing, within ten working~~
9 ~~days of receiving the application that the application or resubmitted~~
10 ~~application is complete or incomplete. If an application is incomplete,~~
11 ~~the Division shall request, in writing, any information, fees, or~~
12 ~~documentation needed to complete the application. Unless extended~~
13 ~~by the Division for further investigation up to 90 days or with the~~
14 ~~consent of the applicant, review and approval or disapproval of a~~
15 ~~proposition player contract shall be completed within 90 days of~~
16 ~~receiving a completed application and notice thereof shall be sent via~~
17 ~~United States mail to the applicant or the applicant's designee within~~
18 ~~10 days of the Division's decision. Notice of disapproval of the~~
19 ~~contract or amendments shall specify the cause.~~

20 ~~(5) The Division may make available to any applicant, upon request,~~
21 ~~examples of previously approved contracts, as modified to delete any~~
22 ~~identifying information of the parties, any reference to the specific~~
23 ~~amount of monetary consideration, and any other terms or conditions~~
24 ~~of the contract that the Division determines should remain~~
25 ~~confidential. Nothing in this paragraph shall be construed to require~~
26 ~~the Division to approve a contract in the form of any exemplar~~
27 ~~contract made available pursuant to this paragraph.~~

28 ~~(b) (1) In lieu of the procedure specified in subsection (a), the Division shall~~
29 ~~provide an expedited review process of an application for contract~~
30 ~~approval if all of the following conditions exist:~~

31
32 ~~(A) Proposition player services were provided in the gambling~~
33 ~~establishment at any time during the 30 days preceding the~~
34 ~~application pursuant to a contract that was previously approved~~
35 ~~by the Division and that has been terminated.~~
36

1 ~~(B) — The proposed contract is between the house and a different~~
2 ~~primary owner than the previous contract under which~~
3 ~~proposition player services were provided in the gambling~~
4 ~~establishment.~~

5
6 ~~(C) — The terms of the proposed contract are substantially identical to~~
7 ~~the contract previously approved by the Division under which~~
8 ~~proposition player services were provided in the gambling~~
9 ~~establishment at any time during the 30 days preceding the~~
10 ~~application.~~

11
12 ~~(2) — If an application for contract approval is submitted as an expedited~~
13 ~~contract request and the Division determines that it does not meet the~~
14 ~~criteria, the primary owner or designee and the house shall be notified~~
15 ~~within one business day of the Division's decision. Any contract that~~
16 ~~is not processed through the expedited review and approval process~~
17 ~~shall be treated as a new contract request and reviewed and approved~~
18 ~~or disapproved as otherwise provided by subsection (a).~~

19
20 ~~(3) — The Division shall complete the expedited review and approval of a~~
21 ~~contract within three business days of receiving all of the following:~~

22
23 ~~(A) — A completed Application for Contract Approval Provider of~~
24 ~~Proposition Player Services (DGC APP.030, rev. 09/03).~~

25
26 ~~(B) — A completed Appointment of Designated Agent for Owners and~~
27 ~~Proposition Players (DGC APP.031, rev. 09/03).~~

28
29 ~~(C) — An executed copy of the contract that specifically addresses all~~
30 ~~the requirements of Section 12207.~~

31
32 ~~(D) — A playing book form that specifically addresses all the~~
33 ~~requirements of Section 12209.~~

34
35 ~~(E) — A five hundred dollar (\$500) nonrefundable application fee.~~

36 ~~(F) — A deposit in such amount as, in the judgment of the Director of~~
37 ~~the Division, will be sufficient to pay the anticipated processing~~
38 ~~costs. The Division may require an additional sum to be~~

1 deposited to pay the final costs of the review and approval or
2 disapproval of the contract. Any money received as a deposit in
3 excess of the costs incurred in the review and approval or
4 disapproval of the contract will be refunded and an itemized
5 accounting will be provided to the primary owner, or primary
6 owner's designee.

7 ~~(c) — (1) — Within 15 days of receiving any complete application for approval of~~
8 ~~a proposition player contract or amendment, the Division shall submit~~
9 ~~the contract or amendment to the Commission for review and~~
10 ~~comment. The Commission shall provide the Division with~~
11 ~~comments, if any, within 10 days of receipt of the contract or~~
12 ~~amendment. This paragraph does not apply to expedited approval~~
13 ~~under subsection (b).~~

14 ~~(2) — A copy of the Division's notice of approval or disapproval of a~~
15 ~~proposition player contract or amendment thereto shall be sent to the~~
16 ~~Commission.~~

17 ~~(d) — An executed copy of the currently effective contract, and all amendment(s)~~
18 ~~thereto, and a copy of all Division notices that approved the contract and any~~
19 ~~amendment shall be maintained at the gambling establishment and shall be~~
20 ~~provided for review or copying upon request by any representative of the~~
21 ~~Commission or Division.~~

22 ~~(e) — The term of any proposition player contract shall not exceed one year and~~
23 ~~shall not be extended or renewed without the prior approval of the Division.~~
24 ~~No amendment changing any of the contract terms referred to in Section~~
25 ~~12207, other than paragraphs (3) and (6) of subsection (b) thereof, may~~
26 ~~become effective during the term of a proposition player contract without the~~
27 ~~prior written approval of the Division. If any amendment is made to a~~
28 ~~proposition player contract term specified in paragraph (3) or (6) of~~
29 ~~subsection (b) of Section 12207, both parties to the contract shall notify the~~
30 ~~Commission and Division in writing of the amendment within 10 days of the~~
31 ~~execution thereof by the parties to the contract.~~

32 ~~(f) — Requests to review and approve an amendment to a proposition player~~
33 ~~contract shall be submitted with an application for approval along with an~~
34 ~~executed copy of the contract, a five hundred dollar (\$500) nonrefundable~~
35 ~~application fee, and a deposit in such amount as, in the judgment of the~~

1 Director of the Division, will be sufficient to pay the anticipated processing
2 costs. The Division may require an additional sum to be deposited to pay
3 the final costs of the review and approval or disapproval of the amendment.
4 Any money received as a deposit in excess of the costs incurred in the
5 review and approval or disapproval of the amendment shall be refunded and
6 an itemized accounting shall be provided to the primary owner or the
7 primary owner's designee.

8 ~~(g) All proposition player contracts shall be subject to, and superseded by, any
9 changes in the requirements of regulations adopted under Business and
10 Professions Code section 19984 that conflict with or supplement provisions
11 of the proposition player contract.~~

12 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

13 **Reference:** Section 19984, Business and Professions Code

14 **Section 12209. Playing Books**

15 ~~(a) The primary owner shall be responsible for assuring that their players
16 maintain accurate, complete, and up-to-date playing books for all sessions of
17 play worked in conformity with regulations of the Commission. The
18 information in the playing book record shall be transferred to the primary
19 owner, or a supervisor designated by the primary owner, on a daily basis.
20 Primary owners shall maintain this information at a single location in the
21 State of California, and shall maintain the original playing book records in
22 the State of California, for at least five years. The location or locations
23 where the records of this information and the original playing book records
24 are maintained, and any change therein, shall be disclosed to the
25 Commission and Division by written notice mailed or delivered within five
26 business days after establishing or changing such a location.~~

27 ~~(b) Playing books shall be prepared and maintained as follows:~~

28 ~~(1) Playing book forms shall be reviewed and approved or disapproved
29 during the review of the contract by the Division.~~

30 ~~(2) Each form in the playing book shall be recorded in ink and include,
31 but not be limited to, the following information:~~

1 ~~(A) Sequential numbers. Any unused form shall be voided and~~
2 ~~maintained in the playing book.~~

3 ~~(B) Specify the name of the gambling establishment where play~~
4 ~~occurred.~~

5 ~~(C) The date when play occurred.~~

6 ~~(D) Beginning and ending balances.~~

7 ~~(E) All fills and credits affecting the balance shall be individually~~
8 ~~identified.~~

9 ~~(F) The printed full name and badge number of the proposition~~
10 ~~player, which includes owners, supervisors, and/or players.~~

11 ~~(G) The table number.~~

12 ~~(H) The specific name of the Division approved gaming activity.~~

13 ~~(I) The name of the primary owner.~~

14 ~~(3) The form for each session of play shall be dated and signed under~~
15 ~~penalty of perjury by the person who prepared it and shall include a~~
16 ~~declaration in the following form: "I declare under penalty of perjury~~
17 ~~under the laws of the State of California that the foregoing is true and~~
18 ~~correct."~~

19 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

20 **Reference:** Section 19984, Business and Professions Code

21 **Section 12210. Transfers and Sales**

22 ~~No individual who is an owner shall in any manner transfer any interest in the~~
23 ~~proposition player services operation to any person, firm, or corporation not then~~
24 ~~an owner of an interest therein, and such a transfer shall not become effective for~~

1 any purpose, until the proposed transferee or transferees have made application for
2 and obtained registration as an owner from the Commission. Applications for a
3 transfer of the interest shall be made by the transferee applying for registration
4 under this regulation. Evidence of the transferor's agreement to transfer the interest
5 shall accompany the application for registration.

6 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

7 **Reference:** Section 19984, Business and Professions Code

8 **Section 12211. Inspections**

9 ~~When requested by a representative of the Commission or Division, a registrant~~
10 ~~shall immediately permit the Commission or Division representative, in~~
11 ~~accordance with the request, to inspect, copy, or audit all requested documents,~~
12 ~~papers, books, and other records of the registrant related to the provision of~~
13 ~~proposition player services. If the records are maintained in electronic form and~~
14 ~~the registrant is requested to do so, the registrant shall provide a printed copy~~
15 ~~pursuant to this section.~~

16 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

17 **Reference:** Section 19984, Business and Professions Code

18 **Section 12212. Compliance**

19

20 (a) Registrants shall comply with game rules approved by the Division
21 regarding player-dealer rotation and table wagering. No registrant shall be
22 accorded any preference by the house over other players; provided, that a

1 proposition player contract may, at any table assigned for play by the
2 contracted registrant, preclude players of any other registrant under this
3 chapter or chapter 2.2 of this title from playing at that table during the
4 periods of play assigned by the proposition player contract for the contracted
5 registrant. For purposes of this subsection, “preference” means and is
6 limited to both of the following if sanctioned by house rule or otherwise
7 directed by the house or its employees:

- 8
- 9 (1) Any priority in the continuous and systematic rotation of the deal,
10 as required by Penal Code section 330.11, such that a registrant
11 becomes entitled by reason of the priority to occupy the player-
12 dealer position more often than other players. Nothing in this
13 paragraph precludes the house from assigning a particular seat to a
14 registrant.
- 15 (2) Any advantage to the registrant over other players in the placement
16 of wagers.

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Section 19984, Business and Professions Code

19 **Section 12213. Revocation**

20 ~~The Commission may revoke a registration, upon any of the following grounds,~~
21 ~~after a hearing conducted pursuant to the same procedures applicable to revocation~~
22 ~~of gambling establishment licenses:~~

- 23 ~~(a) The registrant committed, attempted to commit, or conspired to commit any~~
24 ~~acts prohibited by the Gambling Control Act or this chapter.~~

- 1 ~~(b) Any act or omission by the registrant that would disqualify the registrant~~
2 ~~from obtaining registration under this chapter.~~
- 3 ~~(c) The registrant engaged in any dishonest, fraudulent, or unfairly deceptive~~
4 ~~activities in connection with controlled gambling, including any violation of~~
5 ~~laws related to cheating.~~
- 6 ~~(d) The registrant failed or refused to comply with the requirements of Section~~
7 ~~12211.~~
- 8 ~~(e) The registrant concealed or refused to disclose any material fact in any~~
9 ~~inquiry by the Division or the Commission.~~
- 10 ~~(f) The registrant committed, attempted, or conspired to commit any~~
11 ~~embezzlement or larceny against a gambling licensee or proposition player~~
12 ~~registrant or upon the premises of a gambling establishment.~~
- 13 ~~(g) The registrant has been lawfully excluded from being present upon the~~
14 ~~premises of any licensed gambling establishment for any reason relating to~~
15 ~~cheating or any violation of the Gambling Control Act by the registrant.~~
- 16 ~~(h) The primary owner or any other owner knowingly permitted one or more of~~
17 ~~the owner's supervisors or players to commit any act described in~~
18 ~~subsections (a) to (f), inclusive.~~
- 19 ~~(i) The primary owner or any other owner knew, or failed to implement~~
20 ~~reasonable oversight procedures that would have apprised the owner, that~~
21 ~~one or more of the owner's supervisors or players was in violation of one or~~
22 ~~more provisions of this chapter or of the Gambling Control Act and failed or~~
23 ~~refused to take action to prevent the recurrence of the violation or violations.~~

24 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

25 **Reference:** Section 19984, Business and Professions Code

26 **Section 12214. Emergency Orders**

1 ~~Registrants under this chapter shall be subject to emergency orders under Business~~
2 ~~and Professions Code section 19931.—~~

3 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

4 **Reference:** Sections 19984 and 19931, Business and Professions Code

5

6 **Article 3. Licensing**

7 **Section 12218. Application for Initial Licensing**

8 (a) License applications shall be submitted only in response to a written
9 summons from the Division to a registrant pursuant to Section 12200.25.
10 Registrants whose applications were approved on or before March 31, 2004
11 shall be summoned before registrants whose applications were approved
12 after that date.

13 (b) The application for licensing shall designate whether the registration is
14 requested as a primary owner, other owner, supervisor, player, or other
15 employee. The application shall be signed by the individual applicant or, if
16 the applicant is a business entity, by the chief executive officer or other
17 designated officer of the business entity.

18 (b) An application for licensing shall include all of the following:

19 (a) The application for registration shall designate whether the registration is
20 requested as a primary owner, other owner, supervisor, player, or other
21 employee. The application shall be signed by the individual applicant or, if

1 the applicant is a business entity, by the chief executive officer or other
2 designated officer of the business entity.

3 (b) An application for licensing shall include all of the following:

4 (1) A completed Application for Third Party Proposition Player Services
5 Licensing.

6 (2) A Request for Live Scan Service (California Department of Justice
7 Form BCII 8016, rev. 4/01) for an applicant that is an individual,
8 confirming that the applicant's fingerprints have been submitted to the
9 Bureau for an automated background check and response.

10 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

11 **Reference:** Section 19984, Business and Professions Code

12 **Section 12218.15 Compliance –Licensing**

13
14 (a) Licensees shall comply with game rules approved by the Division
15 regarding player-dealer rotation and table wagering. No licensee shall be
16 accorded any preference by the house over other players; provided, that a
17 proposition player contract may, at any table assigned for play by the
18 contracted licensee, preclude players of any other licensee under this chapter
19 or chapter 2.2 of this title from playing at that table during the periods of
20 play assigned by the proposition player contract for the contracted licensee
21 or registrant. For purposes of this subsection, “preference” means and is
22 limited to both of the following if sanctioned by house rule or otherwise
23 directed by the house or its employees:

1
2 (1) Any priority in the continuous and systematic rotation of the deal,
3 as required by Penal Code section 330.11, such that a licensee or
4 registrant becomes entitled by reason of the priority to occupy the
5 player-dealer position more often than other players. Nothing in
6 this paragraph precludes the house from assigning a particular seat
7 to a licensee.

8 (2) Any advantage to the licensee over other players in the placement
9 of wagers.

10 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

11 **Reference:** Section 19984, Business and Professions Code

12 **Section 12218.17 Background Investigation Deposit**

13 Each applicant for a license shall submit with the application of sum of money that,
14 in the judgment of the Director of the Division, will be adequate to pay the
15 anticipated investigation and processing costs, in accordance with Business and
16 Professions Code section 19867.

17 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

18 **Reference:** Sections 19867 and 19984, Business and Professions Code

19 **Section 12218.19 Term of License**

20 All initial licenses shall be issued for a period of two years. Due to nonrecurring
21 workload problems associated with the processing of initial license applications, all
22 other initial licenses that are granted within two years of the effective date of these

1 regulations shall be issued for a period of two years. Beginning July 1, 2007, all
2 licenses other than player licenses shall be issued for a period of one year, except
3 as otherwise provided by a subsequently adopted regulation of the Commission.

4 **Authority:** Sections 19840, 19841, and 19984, Business and Professions Code

5 **Reference:** Section and 19984, Business and Professions Code

6 **Chapter 2.2 Gambling Businesses: Registration**

7 Section 12220. Definitions

8 Section 12221. Registration

9 Section 12222. Application for Registration

10

11 Section 12223. Processing of Applications

12 Section 12224. Ineligibility for Registration

13

14 Section 12225. Cancellation of Registration

15

16 Section 12226. Badge

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18 Section 12227. Transfers and Sales

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20 Section 12228. Inspections

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22 Section 12229. Compliance

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Section 12230. Revocation

Section 12231. Emergency Orders

Section 12232. Exclusion

Section 12220. Definitions

(a) Except as otherwise provided in subsection (b), the definitions in Business and Professions Code section 19805 shall govern the construction of this chapter.

(b) As used in this chapter:

(1) “Applicant” means the applicant for registration under this chapter, including in the case of an owner that is a corporation, partnership, or any other business entity, all persons whose registrations are required to be endorsed upon the primary owner’s registration certificate.

(2) “Badge” means a form of identification issued by the Commission identifying a registrant.

(3) “Bureau” means the Bureau of Criminal Identification and Information of the California Department of Justice.

(4) “Commission” means the California Gambling Control Commission.

- 1 (5) “Deadly weapon” means any weapon, the possession or concealed
2 carrying of which is prohibited by Penal Code section 12020.
- 3 (6) “Division” means the Division of Gambling Control in the California
4 Department of Justice.
- 5 (7) “Executive Director” means the Executive Director of the
6 Commission or such other person as may be designated by the
7 Commission.
- 8
- 9 (8) “Funding source” means any person that provides financing, including
10 but not limited to loans, advances, any other form of credit, chips, or
11 any other representation or thing of value, to an owner registrant,
12 other than individual registrants under Subsection (d) of Section
13 12201. “Funding source” does not include any federally or state
14 chartered lending institution or any of the following entities that in the
15 aggregate owns at least one hundred million dollars (\$100,000,000) of
16 securities of issuers that are not affiliated with the entity:
- 17
- 18 (A) Any federally-regulated or state-regulated bank or savings
19 association or other federally- or state-regulated lending
20 institution.
- 21
- 22 (B) Any company that is organized as an insurance company, the
23 primary and predominant business activity of which is the
24 writing of insurance or the reinsuring of risks underwritten by
25 insurance companies, and that is subject to supervision by the

1 Insurance Commissioner of California, or a similar official or
2 agency of another state.

3
4 (C) Any investment company registered under the federal
5 Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et
6 seq.).

7
8 (D) Any retirement plan established and maintained by the United
9 States, an agency or instrumentality thereof, or by a state, its
10 political subdivisions, or any agency or instrumentality of a
11 state or its political subdivisions, for the benefit of its
12 employees.

13
14 (E) Any employee benefit plan within the meaning of Title I of the
15 federal Employee Retirement Income Security Act of 1974 (29
16 U.S.C. sec. 1001 et seq.).

17
18 (F) Any securities dealer registered pursuant to the federal
19 Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).

20
21 (G) Any entity, all of the equity owners of which individually meet
22 the criteria of this paragraph (8).

23
24 (9) “Gambling business,” except as otherwise provided in this paragraph,
25 means a business enterprise that engages the services of employees,
26 independent contractors, or both to participate in the play of any

1 controlled game in a gambling establishment that has a rotating
2 player-dealer position as permitted by Penal Code section 330.11
3 “Gambling business” also refers to the conduct of such a business
4 enterprise in a gambling establishment. “Gambling business” does
5 not, however, include the provision of proposition player services
6 subject to Chapter 2 (commencing with Section 12200) of this title.

7
8 (10) “Gambling Control Act” or “Act” means Chapter 5 (commencing
9 with Section 19800) of Division 8 of the Business and Professions
10 Code.

11 (11) “Owner” includes all of the following:

12 (A) A sole proprietor, corporation, partnership, or other business
13 entity that provides or proposes to conduct a gambling business.

14 (B) Any individual specified in subsection (d) of Section 12221,
15 and

16 (C) Any funding source.

17 (12) “Primary Owner” means the owner specified in subparagraph (A) of
18 paragraph (11) of this subsection.

19 (13) “Registrant” means a person having a valid registration.

20 (14) “Registration” means a registration issued by the Commission
21 pursuant to this chapter.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
2 Code

3 **Reference:** Sections 19805 and 19853(a)(3), Business and Professions Code
4

5 **Section 12221. Registration**

6 (a) On and after March 5, 2004, no person may engage in a gambling business
7 as an owner or as an employee or independent contractor of an owner, nor
8 may any person obtain a badge as required by Section 12226 without a
9 current valid registration issued by the Commission. Persons registered to
10 provide proposition player services under Chapter 2 (commencing with
11 Section 12200) of this title are not required to register under this chapter to
12 provide proposition player services pursuant to one or more proposition
13 player contracts approved by the Division pursuant to Section 12208 of this
14 title.

15 (b) Registration shall be issued for a period of one year.

16 (c) If a primary owner is a corporation, partnership, or other business entity,
17 each owner and individual having a relationship to that entity specified in
18 Business and Professions Code section 19852, subdivisions (a) to (h),
19 inclusive, shall individually apply for and obtain registration as an owner
20 listed on the business entity's registration certificate.

21 (d) Any application for registration of any person, other than as the primary
22 owner, shall designate the primary owner or owners that will employ the
23 applicant or with whom the applicant otherwise will be affiliated. The
24 registration certificate issued to any person, other than the primary owner,

1 shall specify the name of the registered primary owner that employs the
2 applicant or with whom the applicant is otherwise affiliated.

3
4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
5 Code

6
7 **Reference:** Section 19853(a)(3), Business and Professions Code

8 9 **Section 12222. Application for Registration**

10 (a) The application for registration shall designate whether registration is
11 requested as a primary owner, other owner, or employee or independent
12 contractor of the primary owner. The application shall be signed by the
13 individual applicant or, if the applicant is a business entity, by the chief
14 executive officer or other designated officer of the business entity.

15 (b) An application for registration shall include all of the following:

16 (1) Payment of a nonrefundable application fee in the amount of five
17 hundred dollars (\$500).

18 (2) A completed Application for Gambling Business Registration
19 (CGCC-037, rev. 02/04), which is hereby incorporated by reference.

20 (3) A Request for Live Scan Service (California Department of Justice
21 Form BCII 8016, rev. 4/01) of an applicant that is an individual,
22 confirming that the applicant's fingerprints have been submitted to the
23 Bureau for an automated background check and response.

1 (4) Two two-by-two inch color passport-style photographs of an applicant
2 that is an individual taken no more than one year before submission of
3 the application to the Commission.

4 (c) An applicant shall submit such supplemental information as may be required
5 by the Commission form Gambling Business Registration Supplemental
6 Information (CGCC-038, rev. 02/04), which is hereby incorporated by
7 reference, or by the Division as necessary for completion of its review as
8 provided in this chapter.

9 (d) An applicant for registration shall make full and true disclosure of all
10 information to the Commission and Division as required for the application
11 and as requested by the Commission or Division to carry out the policies of
12 this state relating to controlled gambling.

13 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
14 Code

15 **Reference:** Sections 19853(a)(3) and 19951(a), Business and Professions Code

16 **Section 12223. Processing of Applications**

17 (a) The Executive Director shall notify the applicant in writing within fifteen
18 business days of receiving the application, that the application or
19 resubmitted application is complete and accepted for filing, or that the
20 application or resubmitted application is deficient. If an application for
21 registration is incomplete, the Executive Director shall request in writing any
22 information needed in order to complete the application. The applicant shall
23 be permitted at least 60 but no more than 90 days in which to furnish the

1 information. If the applicant fails to respond to the request, the application
2 shall be deemed abandoned and no further action will be taken on it.

3 (b) Upon determination that an application for registration is complete, the
4 application shall be processed within 60 days and the Executive Director
5 shall either issue the registration and, if applicable, the badge applied for or
6 shall notify the applicant of denial and the grounds therefor under Section
7 12224. However, this time may be extended by the Executive Director for
8 no more than 30 additional days if necessary to obtain information required
9 to determine eligibility. The Executive Director shall promptly notify the
10 applicant in writing of any such delay, including the length of the extension.

11 (c) If the applicant submits a request for withdrawal of his or her application to
12 the Commission, the application shall be deemed abandoned and no further
13 action will be taken on it.

14 (d) The Commission shall provide written notice of abandonment of an
15 application to the applicant and the Division. If the application is for
16 registration as other than the primary owner, the Commission shall also
17 provide written notice of abandonment of the application to the primary
18 owner.

19 (e) Nothing in this chapter shall require the Commission or Division to divulge
20 to the applicant any confidential information received from any law
21 enforcement agency or any information received from any person with
22 assurances that the information would be maintained as confidential, and
23 nothing in this chapter shall require the Commission or Division to divulge

1 any information that might reveal the identity of any source of information
2 or jeopardize the safety of any person.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
4 Code

5 **Reference:** Section 19853(a)(3), Business and Professions Code

7 **Section 12224. Ineligibility for Registration**

8 An applicant shall be ineligible for registration for any of the following causes:

9 (a) The applicant has been convicted of any felony, including a conviction in a
10 court of the United States or any other state of an offense that is classified as
11 a felony by the laws of this state.

12 (b) The applicant has, within the ten year period immediately preceding the
13 submission of the application, been convicted of a misdemeanor involving a
14 firearm or other deadly weapon, gaming or gaming-related activities
15 prohibited by Chapter 9 (commencing with Section 319) or Chapter 10
16 (commencing with section 330) of Title 9 of Part 1 of the Penal Code,
17 violations of the Gambling Control Act, or dishonesty or moral turpitude,
18 not including convictions which have been expunged or dismissed as
19 provided by law.

20 (c) The applicant has been subject to a final administrative or judicial
21 adjudication revoking a registration under this chapter or a state gambling

1 license, key employee license, work permit or finding of suitability or has
2 had an application denied under this chapter or the Gambling Control Act.

3 (d) The applicant would be ineligible for a state gambling license under any of
4 the criteria set forth in Business and Professions Code section 19859,
5 subdivisions (b), (e), (f), or (g), the terms of which are incorporated by
6 reference and hereby expressly made applicable to applications for
7 registration under this chapter.

8 (e) The applicant would be ineligible for a state gambling license under
9 Business and Professions Code section 19858, the terms of which are
10 incorporated by reference and hereby expressly made applicable to
11 applications for registration under this chapter.

12 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
13 Code

14 **Reference:** Section 19853(a)(3), Business and Professions Code

15 **Section 12225. Cancellation of Registration**

16 (a) Any registration issued in accordance with this chapter shall be subject to
17 cancellation pursuant to this section. A registration shall be cancelled if the
18 Commission determines upon a noticed hearing that the registrant is
19 ineligible for registration, has failed in the application for registration to
20 reveal any fact material to the holder's qualification for registration, or has
21 supplied information in the registration application that is untrue or
22 misleading as to a material fact pertaining to the criteria for issuance of
23 registration.

1 (b) If the Commission finds that any of the circumstances set forth in subsection
2 (a) apply, then the Executive Director shall immediately do all of the
3 following:

4 (1) Provide written notice to the registrant and the Division of the
5 cancellation of the registration and the grounds thereof, and provide
6 written notice of the cancellation to the primary owner, if the
7 registrant is not the primary owner and to all gambling establishments.

8 (2) Notify the registrant, if an individual, that he or she is required to
9 surrender the registrant's badge to the Commission not more than ten
10 days following the date that the notice of the cancellation was mailed
11 or such greater time as is authorized by the Executive Director.

12 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
13 Code.

14 **Reference:** Section 19853(a)(3), Business and Professions Code

15 **Section 12226. Badge**

16 All individuals registered under this chapter shall wear in a prominently visible
17 location a numbered badge issued by the Commission when present in a gambling
18 establishment during the conduct of the registrant's gambling business. The words
19 "GAMBLING BUSINESS REGISTRANT" in capital letters shall be prominently
20 displayed on the badge above the picture of the registrant submitted with the
21 application and the badge number, registrant's first name, and expiration date. The
22 registrant's full name shall be printed on the reverse side of the badge.

1 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
2 Code

3 **Reference:** Section 19853(a)(3), Business and Professions Code

4 **Section 12227. Transfers and Sales**

5 No individual who is an owner shall in any manner transfer any interest in the
6 gambling business to any person, firm, or corporation not then an owner of an
7 interest therein, and such a transfer shall not become effective for any purpose,
8 until the proposed transferee or transferees have made application for and obtained
9 registration as an owner from the Commission. Applications for a transfer of the
10 interest shall be made by the transferee applying for registration under this
11 regulation. Evidence of the transferor's agreement to transfer the interest shall
12 accompany the application for registration.

13 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
14 Code

15 **Reference:** Section 19853(a)(3), Business and Professions Code

16

17 **Section 12228. Inspections**

18 When requested by a representative of the Commission or Division, a registrant
19 shall immediately permit the Commission or Division representative, in
20 accordance with the request, to inspect, copy, or audit all requested documents,
21 papers, books, and other records of the registrant related to the gambling business.

1 If the records are maintained in electronic form and the registrant is requested to do
2 so, the registrant shall provide a printed copy pursuant to this section.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
4 Code

5 **Reference:** Section 19853(a)(3), Business and Professions Code

6 **Section 12229. Compliance**

7 (a) Each primary owner shall remit such fees to defray the costs of compliance
8 review and enforcement in the field as may be required by regulation of the
9 Division.

10 (b) No more than one registrant of a single gambling business shall
11 simultaneously play at a table.

12 (c) Registrants shall comply with game rules approved by the Division
13 regarding player-dealer rotation and table wagering. No registrant shall be
14 accorded any preference by the house over any other player. For purposes
15 of this subsection, “preference” means and is limited to both of the
16 following if sanctioned by house rule or otherwise directed by the house
17 or its employees:

18 (1) Any priority in the continuous and systematic rotation of the deal,
19 as required by Penal Code section 330.11, such that a registrant
20 becomes entitled by reason of the priority to occupy the player-
21 dealer position more often than other players.

22 (2) Any advantage to the registrant over other players in the placement of
23 wagers.

1 (d) No gambling business in which the house has any financial interest may play
2 in the house.

3 (e) No registrant may play in any a gambling establishment for which the
4 registrant holds a state gambling license, key employee license, or work
5 permit.

6 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
7 Code

8 **Reference:** Section 19853(a)(3), Business and Professions Code

9 **Section 12230. Revocation**

10 The Commission may revoke a registration upon any of the following grounds,
11 after a hearing conducted pursuant to the same procedures applicable to revocation
12 of gambling establishment licenses:

13 (a) The registrant committed, attempted to commit, or conspired to commit any
14 acts prohibited by the Gambling Control Act or this chapter.

15 (b) Any act or omission by the registrant that would disqualify the registrant
16 from obtaining registration under this chapter.

17 (c) The registrant engaged in any dishonest, fraudulent, or unfairly deceptive
18 activities in connection with controlled gambling, including any violation of
19 laws related to cheating.

20 (d) The registrant failed or refused to comply with the requirements of Section
21 12228.

- 1 (e) The registrant concealed or refused to disclose any material fact in any
2 inquiry by the Division or the Commission.
- 3 (f) The registrant committed, attempted, or conspired to commit any
4 embezzlement or larceny against a gambling licensee or upon the premises
5 of a gambling establishment.
- 6 (g) The registrant has been lawfully excluded from being present upon the
7 premises of any licensed gambling establishment for any reason relating to
8 cheating or any violation of the Gambling Control Act by the registrant.
- 9 (h) The primary owner or any other owner knowingly permitted one or more of
10 the employees or independent contractors of the gambling business to
11 commit any act described in subsections (a) to (f), inclusive.
- 12 (i) The primary owner or any other owner knew, or failed to implement
13 reasonable oversight procedures that would have apprised the owner, that
14 one or more of the employees or independent contractors of the gambling
15 business was in violation of one or more provisions of this chapter or of the
16 Gambling Control Act and failed or refused to take action to prevent the
17 recurrence of the violation or violations.

18 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
19 Code

20 **Reference:** Section 19853(a)(3), Business and Professions Code

21 **Section 12231. Emergency Orders**

1 Registrants under this chapter shall be subject to emergency orders under Business
2 and Professions Code section 19931.

3 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
4 Code

5 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code

6 **Section 12232. Exclusion**

7 (a) In order to promote the purposes of the Gambling Control Act to provide for
8 effective regulation of gambling enterprises, owner-licensees of gambling
9 establishments shall notify the Commission and Division of, and may
10 exclude from the gambling establishment, any person that the owner-
11 licensee reasonably believes is conducting a gambling business within the
12 gambling establishment without having been registered under this chapter.
13 An owner-licensee acting under this section shall notify the Commission and
14 Division in writing of any such unregistered person and any such exclusion,
15 including the identity of the excluded individuals and entity if known, within
16 10 business days following the exclusion. Upon receiving such notice of an
17 unregistered person, the Commission shall notify the person in writing of the
18 registration requirement of this chapter and shall notify all owner-licensees
19 of the name of the unregistered person, if known and may condition any
20 subsequent registration of the person under this chapter or Chapter 2.1 of
21 this title upon a 60 to 90 day suspension of registration or payment of a civil
22 ~~fine~~ penalty under Business and Professions Code section 19930(c), or both.

1 (b) An owner-licensee of a gambling establishment may exclude any registered
2 gambling business upon providing notification to the Commission and
3 Division in writing within five days following the exclusion.

4 **Authority:** Sections 19840, 19841, and 19853(a)(3), Business and Professions
5 Code

6 **Reference:** Sections 19853(a)(3) and 19931, Business and Professions Code